

Service Date: December 21, 1978

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE MONTANA

IN THE MATTER of the Application)
of MONTANA-DAKOTA UTILITIES CO.) DOCKET NO. 6636
for Authority to Increase Natural) INTERIM ORDER NO. 4476
Gas Rates.)

FINDINGS OF FACT

1. On December 5, 1978, MONTANA-DAKOTA UTILITIES CO. (MDU) filed its quarterly application for the three months ending February 28, 1979, for authority to increase natural gas rates to residential and commercial customers by 28.204 per Mcf at local sales base pressure, and to increase natural gas rates to industrial customers by 28.204 per Mcf at 14.73 p.s.i.a. The application was accepted by the Commission.

2. The Commission has determined in prior cases that a hearing confined to the single issue of the cost of purchased gas was appropriate responsible regulator procedure is necessary to timely handle gas tracking applications resulting from:(1) the changing mix and volumes of the natural gas supply; and (2) the pricing provisions of the Natural Gas Policy Act of 1978 which became effective on December 1, 1978.

3. The Commission in adopting a procedure to implement rates for changing purchased gas costs on a temporary basis, subject to rebate pending an opportunity for public hearing and a final decision satisfies that requirement. This approach to the handling of purchased gas costs assures that the utility and the consumer will be fairly and timely treated-whether the rate adjustment is an increase or a

decrease. The opportunity for public hearing through a notice of proposed hearing meets the statutory requirements and assures that the Montana Consumer Counsel consultants and Commission Staff will examine the accuracy and legitimacy of the proposed gas costs. This procedure recognizes that the Commission is responsible to verify the appropriateness and accuracy of the alleged purchased gas costs. To the extent that the Commission determines that the purchased gas costs are actual and legitimate, those costs must be reflected in the rates to consumers in a timely fashion.

4. The Montana Public Service Commission on December 8, 1978, solicited written comments from the Montana Consumer Counsel concerning the requested increase.

5. The Montana Consumer Counsel's comments were received by the Commission on December 18, 1978.

6. The Consumer Counsel will not object to an interim increase of 23.76324 per Mcf at .14.73 psia (21.856.04 per-Mcf at residential and commercial sales pressures) providing the following conditions are met:

a. The base cost of purchased gas included in the final order in Docket No..6567 is 90_02584 per Mcf.....

b. The federal income tax rate need in the final order in Docket. No. 6567 is 46 percent,

c. In the event that during the period the interim rates are in effect, the average cost of purchased and storage gas is less than 113.789044 per Mcf, MDU be ordered to pass back to its consumers the excess collected above such lower average cost.

d. Future tracking increases be based on historic costs and volumes.

7. MDU has calculated that for the three months ending February, 1979, the average cost of purchased and storage gas will be 113.789044 per Mcf.

8. The base cost of purchased gas included in Order No. 4467 in Docket No. 6567 is 90.02584 per Mcf.
9. The projected increased gas costs due the Applicant is 23.76324 per Mcf. (113.789044 - 90.02584).
10. The federal income tax rate used in Order No. 4467, in Docket No. 6567 is 46 percent.

CONCLUSIONS OF LAW

1. This Commission has authority, under RCM 1947, Section 70-113) as amended, to grant a temporary increase pending hearing.
2. The increase in operating revenues temporarily approved herein appears to be justified on the facts presented to the Commission

ORDER

1. Applicant shall file rate schedules effective upon Commission approval which will increase residential and commercial rates by 21.8564 per Mcf at local sales pressure and industrial rates by 23.76324 per Mcf at 14.73 p.s.i.a.
2. This is a temporary order. The rates approved herein are subject to change upon issuance of a final order by the Commission.
3. MDU shall file monthly with the Montana Public Service Commission schedules of actual gas purchases and net storage transactions and the actual costs of each.
4. MDU shall pass back to its consumers any excess revenues collected during the period the interim rates are in effect if the average cost of purchased gas is less than 113.78904

per Mcf.

DONE IN OPEN SESSION in Helena, Montana, on December 22,
1978, by a vote of 5-0.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

GORDON E. BOLLINGER, Chairman

P.J. GILFEATHER, Commissioner

THOMAS J. SCHNEIDER, Commissioner

JAMES R. SHEA, Commissioner

GEORGE TURMAN, Commissioner

ATTEST:

Madeline L. Cottrill
Secretary

(SEAL)

NOTICE: You are entitled to judicial review of the final decision in this matter. If no Motion For Reconsideration is filed, judicial review may be obtained by filing a petition for review within thirty, (30) days from the service of this order. If a Motion For Reconsideration is filed, a Commission order is final for purpose of appeal upon the entry of a ruling on that motion, or upon the passage of ten (10) days following the filing of that motion. cf the Montana Administrative Procedure Act, esp Sec. 82-4216, RCM 1947; and Commission Rules of Practice and Procedure, esp. 38-2.2(64)-P2750, ARM.